

Message Text

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ORIGIN XMB-04

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FM SECSTATE WASHDC

TO AMEMBASSY MEXICO

UNCLAS STATE 274892

E.O. 11652: N/A

TAGS: APUB, MX

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO MEXICO

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
DIRECT CREDIT OF DOLS 1,764,000 TO COMISION FEDERAL DE
ELECTRICIDAD (CFE). RELEASE IS SCHEDULED FOR ANNOUNCEMENT
HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, FRIDAY, DECEMBER
27, 1974.

QUOTE: EXIMBANK CREDIT OF DOLS 1,058,400 SUPPORTS DOLS 3,528,000
SALE OF U.S. POWER PLANT EQUIPMENT TO MEXICO

TO HELP FINANCE A DOLS 3,528,000 SALE OF TWO 230 KV TRANS-
MISSION SUBSTATIONS TO MEXICO, THE BOARD OF DIRECTORS OF THE
EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A
DIRECT CREDIT OF DOLS 1,058,400 TO FINANCE 30 PERCENT OF
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THE TOTAL U.S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN

WILLIAM J. CASEY. A CREDIT OF DOLS 1,764,000 FROM PRIVATE SOURCES NOT YET DESIGNATED WILL FINANCE ANOTHER 50 PERCENT OF THE U.S. COSTS. THE OBLIGOR, COMISION FEDERAL DE ELECTRICIDAD (CFE), WILL MAKE CASH PAYMENT OF THE BALANCE OF THE TOTAL U.S. COSTS OF 20 PERCENT OR DOLS 705,600. CFE IS AN AUTONOMOUS INSTITUTION OF THE GOVERNMENT OF MEXICO WHICH DIRECTLY OR THROUGH ITS SUBSIDIARIES PROVIDES MOST OF THE COUNTRY'S POWER NEEDS.

THE TWO 230 KV TRANSMISSION SUBSTATIONS WILL BE INSTALLED BY COMPANIA DE LUZ Y FUERZA DEL CENTRO, S.A., A CFE AFFILIATED COMPANY RESPONSIBLE FOR ELECTRICITY IN THE FEDERAL DISTRICT AROUND MEXICO CITY. ITE IMPERIAL CORPORATION OF SPRING HOUSE, PENNSYLVANIA, WILL BE THE U.S. SUPPLIER OF THE ELECTRIC APPARATUS WHICH IS SCHEDULED FOR DELIVERY IN LATE 1975.

THE LOANS ARE TO BE REPAID IN 14 SEMIANNUAL INSTALLMENTS BEGINNING APRIL 5, 1976. INTEREST OF EXIMBANK'S DIRECT CREDIT WILL BE AT THE RATE OF 8 PERCENT PER ANNUM WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES OF ABOUT 10.31 TO 10.56 PERCENT PER ANNUM. REPAYMENT OF EXIMBANK'S CREDIT IS TO BE GUARANTEED BY NACIONAL FINANCIERA S.A. UNQUOTE.INGERSOLL

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